

Internal Revenue Service

Department of the Treasury

District
Director

Date: JUN 26 1987

Person to Contact:

Contact Telephone Number:

Prefer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

The information presented disclosed that you were incorporated under the General Corporations Law of the State of [REDACTED] on [REDACTED]. Your purposes as stated in your Certificate of Incorporation are: "To provide a means of association of persons who believe the greatest spiritual growth can be achieved or realized by helping one's fellow humans and by living naturally and, who believe the easiest method of helping is thru psychic means." Your Certificate of Incorporation provides for the following classes of members:

- Novice: One who has applied and has been approved for eventual senior membership.
- Initiate: Novice who has had approved instructions in psycheism and in natural living.
- Senior: Initiate who has practiced psycheism for an approved period of time and who is minimally into natural living. She/he has attended healing sessions not less than twice a year.
- Teacher: Senior who has been approved to teach either psycheism or natural living, is teaching one class by-monthly, is conducting or attending one healing session by-monthly and is into normal natural living.

Only senior and teacher members are eligible for appointment to office.

Your Certificate of Incorporation lists the names of 3 initial directors.

Your By-Laws repeat the language of the Certificate of Incorporation in regard to classes of members and in addition state that "Members may be of any religious persuasion so long as their faith may be interpreted as an incentive to help their fellow human beings in an unselective manner." Your Board of Directors comprise the body of members elected to conduct the business of the Church. The Church Treasurer or his/her delegate shall be, ex-officio, members of the Board. The Pastor and Secretary, by virtue of their office, shall serve on the Board until the Church membership exceeds twenty five (25) at which time their resignation shall be automatic but their reinstatement shall also be automatic should the membership drop to twenty (20) or less.

You state that your religious services comprise of psychic healing and the attendant natural living advice. The service is on Friday evenings at 7:00 P.M. and has an average monthly attendance of one person who is usually not a member. At present your only members are the organizing officers. The pastor/founder is a minister by virtue of his being a Psychic Healer and a member of this Church. He has had no formal religious training or background. The organization does not provide religious training for its ministers. The church address is the home of the pastor and treasurer who hold title to it. All activities are held in their home. The organization does not operate a religious school or other activities to advance its religion. At this time, the only interest in the Church is by those who seek healings and those who wish to learn how to heal.

Your organization has three religious leaders, two of whom have been mail ordained ministers of [REDACTED] of [REDACTED].

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In order to qualify under IRC 501(c)(3), an organization must be both "organized" and "operated" exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational test or the operational test, it is not exempt. (Regs. 1.501(c)(3)-1(a)(1)). The organizational test relates to the rules for governing an organization and the purposes stated in its articles of organization. The operational test relates to the organization's activities.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations provides, in part, that an organization is not organized or operated exclusively for one or more of the purposes mentioned in section 501(c)(3) of the Code unless it serves a public rather than a private interest. An organization may not be exempt if it is operated for the benefit of private individuals.

In Chapman v. Commissioner, 48 T.C. 358 (1967), the Tax Court considered the definition of a church as it related to section 170(b)(1)(A)(i) which allows deductions for contributions to a church. In construing the phrase "church or convention or association of churches", the court decided that it was not the intent of Congress to use the word "church" in a generic or universal sense. The desire was to give the word a restrictive meaning. A more limited concept was intended than that denoted by the term "religious organization". Though every church may be a religious organization, every religious organization is not a church. The concept of a church was intended to be synonymous with term "denomination" or "sect" rather than to be used in any universal sense. The Tax Court went on to hold that an evangelical organization whose primary function was to spread the Gospel of Christianity throughout the world was not an organization which could be considered a "church" within the intendment of section 170(b)(1)(A)(i) of the Code. The court, in summarizing the facts, specified several reasons why the organization did not fit the definition of a church. It was interdenominational; it maintained neither a seminary nor Bible school; its workers were drawn from many Christian churches and remained affiliated with those churches; and it sought converts to the principles of Christianity generally rather than to any specific sect or denomination.

The information you have presented is insufficient for us to conclude that you are a church. You do not have any formal membership requirements, nor do you have any formal code or doctrine, recognized creed and form of worship, no definite and distinct ecclesiastical government, no distinct history, no schools for the ordination of ministers, and no Sunday schools for children. In addition, no information has been furnished to show that the organization conducts religious services and has a regular congregation of persons who meet regularly.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(3) of the code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

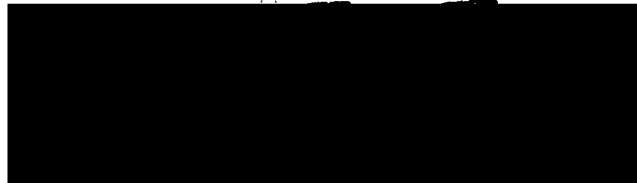
Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

A large black rectangular redaction box covering the signature area of the letter.

District Director

Enclosure: Publication 892